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C O N F I D E N T I A L SECTION 01 OF 03 TEL AVIV 000837

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SUBJECT: COORDINATOR FOR GOVERNMENT ACTIVITY IN THE TERRITORIES MISHLEV PROVIDES AMBASSADOR WITH HIS TAKE ON RELATIONS

Classified By: Ambassador Richard H. Jones for reasons 1.4 b and d

¶1. (C) SUMMARY: Coordinator for Government Activity in the Territories (COGAT) Major General Yossef Mishlev heard the Ambassador's concerns about stalled U.S. commercial imports into the West Bank, continued demolitions of Palestinian homes, and ground clearing in Area E-1. Mishlev was not able to address these concerns directly, but offered to look into them further in the case of E-1. He also suggested that we pursue Israeli Security Agency (Shin Bet) Director Diskin on blocked commercial imports and opined that Israel's High Court might be the best remedy for demolitions. Mishlev also provided a listing of activities the GOI is undertaking to fulfill MOD Barak's recent commitments to Secretary Rice, including humanitarian efforts in Gaza, increased permits for Palestinian workers and businessmen, the removal of some obstacles to movement, greater investment in checkpoints to reduce waiting times, and support for the Bethlehem Investors Conference and for industrial zones. END SUMMARY

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E-1 Earthworks  
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¶2. (C) When the Ambassador provided photographic evidence of ground clearing in E-1, even though the police station is finished, Mishlev said that he was unaware of any new activity, but would look into it. He said that all the E-1 activity he was aware of related to the rehabilitation of Route 1, unfinished road construction related to the police station, or construction of the separation barrier--though he thought this less likely, because funding for the barrier has dried up. The Ambassador requested a master plan for the area, noting that an understanding of future plans for E-1 infrastructure would be useful in support of General Fraser's mission.

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Home Demolitions  
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¶3. (C) Asking Mishlev about the increase in demolitions of Palestinian homes this year, the Ambassador said that 111 structures had been destroyed in the first two months of the year and roughly 400 Palestinians displaced. The Ambassador added that the demolition of five homes south of Hebron just last week displaced another 38 Palestinians, and asked whether Palestinians who were being displaced to make way for the barrier, railroad or ring road were being compensated. Mishlev responded, "These demolitions are not my decision; I simply enforce the laws, even against the settlers." Mishlev added that he preferred not to demolish finished homes, but to prevent illegal building in its earliest stages. He expressed a willingness to consider specific cases and noted that Israel's High Court has the authority to issue an order halting any demolition before it happens.

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Commercial Goods into West Bank  
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¶4. (C) Mishlev said that the importation of 342 Ford trucks requested by the Dayton team had been approved by MOT Mofaz at his (Mishlev's) request. However, the IDF is still considering some armored vehicles, and the police are discussing approval of the requested chemical testing forensics trucks.

¶5. (C) The Ambassador informed Mishlev that some telecom equipment from the United States that Palestinian CISCO distributor Safad imported to Israel in June and August 2007 has been held at Israeli customs at Ben Gurion airport since its arrival, according to CISCO sources. The equipment is for a Paltel call center near Ramallah that could create 400 West Bank jobs. CISCO says the equipment is readily available off-the-shelf in Israel and is not dual-use. Mishlev responded that he was well aware of this matter. He provided information that 15 of 33 parcels had been released last month, but the remaining 18 are being held back for security reasons. (NOTE: Safad told USCS that they are unaware of the release of 15 parcels. END NOTE). Mishlev said, "I did my best," and the matter is now out of his hands, and suggested the Ambassador pursue it with Shin Bet Director Diskin. When asked, Mishlev said that a list of prohibited "dual use" items is not available. The Ambassador noted that procedural certainty for imports is necessary to attract investment; this lack of transparency wastes time, energy and money, and at the same time impedes the creation of new jobs. Mishlev admitted that something needed to be done to balance the needs of commerce and security, and added

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that "rules that are too strict encourage smuggling."

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Status of Post-Annapolis Steps to Ease Restrictions on  
Palestinians  
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¶6. (C) Mishlev outlined steps the GOI is taking to fulfill MOD Barak's commitment to the Secretary to support the Annapolis process:

-- The Airport Authority is currently reviewing the possibility of extending operating hours at Allenby bridge.

-- 120 additional West Bank residents will be receiving special VIP cards to assure greater ease of movement within the West Bank; Shin Bet is currently reviewing names under consideration, which include all Palestinian members of the negotiating teams established by FM Livni and PA lead negotiator Abu Ala'a.

-- The Army will invest NIS 8 million for humanitarian improvements at checkpoints, including additional lanes, sun coverings, and water stations. Implementation of this project could begin as early as next week. (Mishlev mentioned Khantara and Wadi Nar as examples of checkpoints to be approved).

-- A sixth entry into Bethlehem has been opened to facilitate passage of workers and tourists. This change, combined with extending operating hours until 8 PM, has reduced waiting times at the crossing from 38 to 18 minutes on average.

-- The Army and Tourism Ministry will equally share the NIS 1.4 million expense to develop a dedicated transit lane and route inside Bethlehem for tourists.

-- Currently, approximately 47,000 Palestinians are authorized to work in Israel: 5,000 in East Jerusalem and environs; 21,000 in settlements and related industrial

estates; and 21,000 in agricultural and construction jobs in Israel proper. Minister of Defense Barak has approved an additional 5000 work permits for Palestinian construction workers. Approximately 3000 of these permits would be made available to married workers 28 years or older (the current minimum age for work permits is 35). However, the Minister of Trade is responsible for foreign workers in Israel, so final approval needs to come from the Trade Ministry. Six hundred families (approximately 1800 people) will be allowed to enter Israel for the cucumber picking season.

-- 500 additional "Businessman Cards," or BMCs, are being authorized. He had already added the Palestinians to provide a list of names for vetting. (Hussein al Sheikh is the PA POC, according to Mishlev). The BMCs will allow businessmen to drive (Israeli) yellow-plated vehicles in Israel, to stay overnight, and to use Ben Gurion airport.

-- Since Secretary Rice's visit, Israel has removed 50 West Bank earth berms and provided to the PA their locations for verification. After Palestinians claimed some of the mounds had been removed earlier, Israel removed an additional ten to be sure. OCHA has been provided with a map of their locations for verification purposes.

-- The Rimonim checkpoint on the road to Jericho has been changed to "normally open" to allow for smooth passage by Palestinians without direct interaction with Israeli troops.

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Industrial Zones  
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17. (C) Mishlev briefed on the three proposed West Bank industrial zones. Regarding the German project at Jenin, he said he truly did not understand why Palestinian developer Fakhoury had not begun to implement the project, for which Peres had placed the cornerstone ten years ago. He emphasized Israel's desire to see the project go forward, noting that Minister of National Infrastructures Ben-Eliezer had agreed to provide temporarily water and electricity to support the project. Regarding the Japanese proposal for the Jericho area, Mishlev said that the IDF does not want to open a new access road to Route 90. He argued that the proposed alternate route to Allenby currently under discussion is only "three or four km" long and should be acceptable to all.

18. (C) As for the Turkish project at Tarqumiyya, Mishlev emphasized the importance of this project to the development of the West Bank economy, noting that half of the economic

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activity in the West Bank takes place in the nearby Hebron area. Minister of Defense Barak had agreed to a 1200 dunam site for the project, largely in Area B, but including 210 dunams in Area C, but "Fayyad did not agree to it." Mishlev added that he had spoken to the Mayor of Hebron, Khaled Osaily, who was satisfied with the proposed site, and that neither he nor the Mayor could understand the objection that the proposed site was too far from the crossing point, since it is located only one kilometer away.

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Bethlehem Conference  
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19. (C) Mishlev said that a Palestinian POC, Hassan Abu-Libdeh, had been named, and that he and Abu-Libdeh had already met twice. The two sides were coordinating to allow for smooth passage to and from the May 21-23 conference. Special arrangements, including extended hours at Allenby bridge, no Israeli stamp in investors' passports and entry under a "permit visit" status, are being worked out. At this point COGAT is waiting to receive names of potential investors who plan on attending the conference so that they can be pre-cleared by Shin Bet.

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Gaza

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¶10. (C) Mishlev said that COGAT is continuing to follow the Cabinet policy of allowing only food and essentials, including fuel, into Gaza. UNWRA, WFP, WHO and Red Cross requests are receiving priority, especially for the transfer of medical supplies and equipment, and the GOI has agreed to allow raw materials for rehabilitation of buildings--some of which were destroyed by the IDF. Evacuation of patients has remained a priority, especially from areas in close proximity to fighting. 14,000 people were medevaced from Gaza in 2007 (about half of these were escorts); 120,000 were medevaced from the West Bank during the same period, mostly to Augusta Victoria hospital in Jerusalem. There has been no change in fuel/electricity provision, and COGAT had never implemented the GOI's an electricity reduction plan for fear of damaging Gaza's fragile electrical grid. Mishlev added that a \$32 million Egyptian/Islamic Bank project could provide infrastructure for a new 150 MW line from Al-Arish Egypt. This move, which would take two years to implement, could eventually allow for reduction of energy supplies from Israel, and greater Gazan energy independence. Mishlev added, however, that maintaining a continuous supply of fuel, food and humanitarian supplies to Gaza is being sabotaged by Hamas. Mishlev asserted, "I KNOW that Hamas is taking fifty percent of the fuel imports." He explained that Hamas was stockpiling fuel in preparation for a possible future Israeli military operation and that this was preventing Israel from meeting the legitimate needs of Gazans. "Hamas is responsible for fuel shortages in Gaza, not Israel," he claimed.

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